CODE OF CONDUCT FOR TRUSTEES OF THE CPUT RETIREMENT FUND

Each Board should have a Code of Conduct in which it outlines and confirms its duties and obligations.

The most important material for any trustee to read and abide by is the CODE OF CONDUCT FOR THE BOARD OF TRUSTEES. It sets out the ethical values that should guide the behaviour of each and every trustee in governing the CPUT Retirement Fund.

Breach of Code of Conduct

Where a Board member breaches the Fund’s code of conduct or acts in contravention of any of the responsibilities imposed upon him or her then the Board must take such action as it considers appropriate, after consideration of any argument presented in defence of the Board member concerned.

Disciplinary action should be subject to any appropriate terms and conditions imposed by the Board in terms of the rules of the Fund.

The objective of action by the Board against a trustee is to preserve the integrity of the Board and its governance role.

Attached, is the CPUT RETIRMENT FUND CODE OF CONDUCT FOR THE BOARD OF TRUSTEES.
CAPE PENINSULA UNIVERSITY OF TECHNOLOGY RETIREMENT FUND

CODE OF CONDUCT FOR THE BOARD OF TRUSTEES

1 PURPOSE

The purpose of this code of conduct is to set out the ethical values that should guide the behaviour of individual trustees in governing the Cape Peninsula University of Technology Retirement Fund (“the Fund”).

2 PRINCIPLES

The object of the Board of Trustees is to direct, control and oversee the operations of the Fund in accordance with the applicable laws and rules of the Fund. In pursuing this objective the trustees must act in accordance with their duties, which are contained in both the Pension Funds Act (“the PFA”) and the Financial Institutions (Protection of Funds) Act, 2001 (“the FIA”).

The PFA duties of Board s of management are the following:

• take all reasonable steps to ensure that the interests of members are protected at all times;
• act with due care, diligence and good faith;
• avoid conflicts of interest;
• Act with impartiality in respect of all members and beneficiaries.

The FIA sets out the following duties of persons in positions of trust in relation to financial institutions, including retirement Funds:

• to observe the utmost good faith and exercise proper care and diligence;
• to refrain from alienating, investing, pledging, hypothecating or otherwise encumbering the assets of the Fund in a manner calculated to gain directly or indirectly any improper advantage for any person other than the Fund;
• to declare any conflict of interest; and
• To act in terms of the rules of the Fund.

For avoidance of doubt, a brief explanation of the main principles is set out below.

Utmost good faith and conflicts between interests and duties

The trustees must act with the utmost good faith towards the Fund. This means that the trustees must put the interests of the Fund above their own interests and above the interests of any other party (including the members).
Trustees should not make decisions that are in their own best interests unless those decisions are, coincidentally, in the best interests of the Fund. If there is a conflict, the trustee must disclose the conflict and recuse themselves from any decision-making in relation to the matter.

When in doubt, the best advice for a trustee is to disclose if he or she has the slightest sense of unease about a potential conflict.

**Due care, diligence and good faith**
Trustees must act honestly and with a high standard of care (greater than when dealing with their own assets). The standard of care is the standard of care to be expected of a person familiar with the issues.

The trustees must ensure that they act in accordance with the Fund’s rules, which are, in terms of section 13 of the PFA, binding on the Fund, the trustees and the members.

The trustees must acquire a reasonable level of knowledge and skill regarding Fund matters and obtain expert advice on matters not within their expertise and competence. At the same time they must exercise their own discretion. Trustees must not allow themselves to be persuaded by service providers to take decisions with which they are uncomfortable. Trustees must also understand the basis on which their service providers are remunerated either by the Fund or by third parties to which they refer business on behalf of the Fund. Such remuneration should not be allowed to be disproportionate to the value of the services rendered.

Trustees may delegate (but not abdicate) certain of their functions.

**Impartiality & protect interests of members at all times**
Trustees do not “represent” those who nominated or elected them. They must protect the interests of all members in terms of the rules. The trustees nonetheless have an obligation to convey to the Board the views of all stakeholders with whom they have contact to enable the Board to take into account those views when they make decisions.

Board members may not fetter their discretion, and must apply their minds to the particular circumstances at hand.

### CODE OF CONDUCT

3.1 **Attributes required**
3.1.1 Trustees should be persons of integrity. This implies that they should be honest, law-abiding and free from corruption.

3.1.2 Trustees should be persons of insight, diligence, calibre, credibility, skill and experience. Experience and continuity on the Board are essential. If possible there should always be an overlap of terms of office of trustees, to avoid a loss of experience when trustees are replaced.

3.1.3 The Fund’s rules provide that a person cannot become a trustee if he/she is declared insolvent, is convicted of theft, fraud forgery or other offences involving dishonesty, or is found by a court to be incompetent to hold a position of trust. The rules further provide that a trustee can be removed from the Board if 75% of the Board resolves that he/she is in breach of their fiduciary duty to the Fund or the members, or if he/she fails to attend two consecutive Board meetings without prior permission and good reason.

3.2 Training and behaviour of trustees

3.2.1 Trustees must gain a proper understanding of their accountabilities and responsibilities.

3.2.2 Trustees who have not previously had experience as trustees must attend an induction program, which will be at the expense of the Fund.

3.2.3 Trustees must attend training sessions to equip them to discharge their responsibilities in an appropriate manner.

3.2.4 Trustees must set aside sufficient time and make the appropriate effort to execute their duties effectively and properly.

3.2.5 Trustees must not discharge their duties negligently or half-heartedly.

3.2.6 Trustees should read documentation, reports, minutes, and other items distributed to them.

3.3 Meetings

3.3.1 Trustees must make themselves available for Board meetings. There are four Board meetings during each financial year, and all trustees should attend unless there is a pressing reason for non-attendance.

3.3.2 Trustees should contribute to meetings. There is no room on the Board for passive trustees.

3.4 Information and disclosure

3.4.1 Trustees must not use the information about the Fund or its affairs for any purpose except to further the Fund’s interests.
3.4.2 Trustees must not make use of, or act upon, confidential information obtained by virtue of their office for the advantage of themselves or anyone else.

3.4.3 In addition a trustee must not provide information to someone else for their benefit if that information is confidential.

3.5 Gifts

3.5.1 Trustees must not, directly or indirectly –

3.5.1.1 request, solicit or demand from any person or body any direct or indirect reward or favour; or

3.5.1.2 accept any gift, reward or favour,

Whether in money or otherwise, as a consideration for voting in a particular manner on any matter in their capacity as a trustee.

3.5.2 Trustees must declare in writing to the chairperson any favour, gift or courtesy received in their capacity as a trustee. The chairperson shall ensure that such gift or courtesy is recorded in a register to be kept at the office of the principal officer.

3.5.3 Trustees must not accept any hospitality outside the greater Cape Town area in their capacity as trustees.

3.5.4 Trustees must not misuse or abuse the Fund’s resources or the privileges they enjoy by virtue of their Board membership.

3.6 Remuneration

The trustees are not remunerated for their work as trustees.

3.7 General

3.7.1 Trustees must treat fairly all those people with whom they interact in the course of their work as trustees.

3.7.2 Trustees must ensure proper and effective governance of the Fund.

3.7.3 Trustees must, at all times, act in accordance with their duties.

3.8 Breach of Code of Conduct

Any trustee who is found after due investigation to have breached this code of conduct in any way, will be removed from office, subject to a vote of 75% of the Board.
4  GENERAL

Trustees must take decisions as a group. If an individual trustee considers that a decision is unconscionable, however, he/she should make this known and ensure that it is recorded in the minutes.

Signatures

This document represents the Code of Conduct for the Cape Peninsula University of Technology Retirement Fund and is adopted with effect from the date of signature.

CHAIRPERSON

PRINCIPAL OFFICER

DATE